



Department of Justice

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VIRGINIA EXECUTIVE AGREES TO PLEAD GUILTY TO BID RIGGING ON CONTRACTS WITH THE U.S. NAVY AND OTHERS

Executive Also Charged With Conspiring to Embezzle Money From Former Employer

WASHINGTON — A former chief financial officer of a Virginia marine products company has agreed to plead guilty, serve 18 months in prison, and pay a \$75,000 criminal fine for his role in a conspiracy to rig bids and allocate customers with respect to marine products purchased by the U.S. Navy, the U.S. Coast Guard, and other public and private entities, the Department of Justice announced today. The executive, Donald Murray, was also charged for his role in a conspiracy to embezzle money from his former Clearbrook, Va., employer.

Under the plea agreement, which is subject to court approval, Murray has agreed to cooperate with the Department's ongoing investigation in the marine products industry. He is the third executive to agree to plead guilty in the ongoing investigation.

"The Antitrust Division will continue to root out corruption that threatens the competitive process," said Thomas O. Barnett, Assistant Attorney General in charge of the Department's Antitrust Division. "Today's charges underscore our commitment to ensuring competitive contracts for the U.S. military."

According to the two-count felony charge filed today in the U.S. District Court in Norfolk, Va., Murray participated in a conspiracy between December 2002 and January 2004 to allocate customers and rig bids for contracts of foam-filled marine fenders and buoys. During this time, the conspirators discussed and agreed among themselves which of them would win contracts from the Department of Defense (DOD) and other federal agencies.

"DOD contractors who engage in illegal bid-rigging and price-fixing schemes are wasting DOD resources and ultimately compromising the safety of DOD's most valuable assets," said Geoffrey A. Cherrington, Special Agent in Charge of the DOD's Defense Criminal Investigative Service (DCIS) in Arlington, Va. "DCIS will continue to aggressively pursue this kind of criminal activity."

Murray was also charged with a conspiracy to defraud a former employer by diverting more than \$220,000, which belonged to shareholders of that company, into an account controlled by himself and his co-conspirator.

Foam-filled marine fenders are used as a cushion between ships and fixed structures,

such as docks, piers or other ships. Foam-filled buoys are used in a variety of applications, including use as channel markers and navigational aids.

Previously, Gerald Thermos, one of Murray's co-conspirators and president of a California marine products company, pleaded guilty in September 2006 to one count of conspiracy to allocate customers and rig bids for contracts of foam-filled marine fenders and buoys from June 2000 to August 2005. Robert Taylor, another co-conspirator and president of the marine products company where Murray worked, pleaded guilty in May 2007 to one count of conspiracy to allocate customers and rig bids for contracts of foam-filled marine fenders and buoys from June 2000 to August 2005. Taylor also pleaded guilty to one count of conspiracy to allocate customers and rig bids for contracts of plastic marine pilings from December 2000 to May 2003 and one count of conspiracy to bribe an employee of the City of New York to ensure that Taylor's company received work on a project.

The bid-rigging charge, a violation of the Sherman Act, carries maximum penalties for each count of 10 years in prison, three years of supervised release, and a \$1 million fine for an individual. The conspiracy charge carries a maximum penalty of 20 years in prison, three years of supervised release, and a \$250,000 fine for an individual. The maximum fine on each count may be increased to twice the gain derived from the crime or twice the loss suffered by the victims of the crime, if either of those amounts is greater than the statutory maximum fine.

The ongoing investigation is being conducted by the Antitrust Division's National Criminal Enforcement Section with the assistance of the DOD's Office of Inspector General, DCIS, and the U.S. Navy Criminal Investigative Service.

Today's charge is an example of the Department's commitment to protect U.S. taxpayers from public procurement fraud through its creation of the National Procurement Fraud Task Force. The National Procurement Fraud Initiative announced in October 2006 is designed to promote the early detection, identification, prevention and prosecution of procurement fraud associated with the increase in contracting activity for national security and other government programs.

Anyone with information concerning bid rigging or other anticompetitive conduct regarding marine fenders, plastic marine pilings, or related products is urged to call the National Criminal Enforcement Section of the Antitrust Division at 202-307-6694 or the Arlington Office of the DCIS at 703-604-8439.

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